

The Honorable Douglas L. “Doug” Flory
Talking Points for Panel on
Best Practices in Board Selection Processes
Leadership Institute for Directors
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1. Determine what is needed to have a “great” board, not just a “good” board.
 - Continued growth and increasing complexity of Farm Credit System institutions place additional demands on their boards of directors.
 - System institutions need excellent board governance to deal with today’s changing and more complex agricultural industry.
 - Need board with vision for future direction and success.
2. Board must do an assessment of its current strengths and weaknesses to be able to govern effectively.
 - Objectively evaluate skill sets, leadership, and overall board performance.
 - Board self evaluation or independent evaluation of the board.
3. After assessment completed, board must determine needs of the board to govern the Bank/Association effectively.
 - Skills
 - Personality Traits
 - Commodity
 - Geographic
 - Diversity
4. Determine if those skills, experiences, traits, etc. can be or should be gained by:
 - outside directors;
 - elected directors; or
 - a combination of outside and elected directors.
5. If outside director(s) are needed, determine what skills/characteristics are needed and the selection process.
 - Strive for independence.
 - Seek to strengthen financial expertise.
 - Complement traits and skills of elected Board members.

6. If elected director(s) are needed, determine process with the nominating committee. Refer to the information in FCA Bookletter BL-043 and discuss how the board and employees can appropriately be involved in the nomination process.
 - Excellent board governance begins with the nominating committee.
 - Review policies on nominating process; broaden where possible.
 - Invite nominating committee to a board meeting.
 - Promote benefits and rewards of board service.
7. For both appointed and elected directors:
 - Seek director candidates who fill needs.
 - Also, look for candidates who are inquisitive and have an independent nature.
 - Look for someone who can smell “BS” from a mile away.
8. Board should develop through its strategic planning process, culture, etc. a desire for excellence in Governance – again, having a “great” board – not just a “good” board.
 - Lead by example.
 - Be independent.
 - Represent stockholders’ interests.
 - Manage management – don’t let management manage the board.
9. Board should review and determine on an ongoing basis what training is needed for both existing and new board members.
 - Skills development of the Board.
 - Outside expertise, perspective, and counsel.
10. Board should look to FCA Regulations as well as information from other sources to assist in the Board Selection Process.
 - FCA Board is scheduled to consider proposed regulations dealing with Governance at its December Board meeting.
 - Review the proposal, discuss in your institution, and provide us your written comments.